



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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February 1, 2001

FAX

Patrick Collins, Resident Agent
Mt. Nebo Scientific
P.O. Box 337
Springville, Utah 84663

Re: NEICO Insurance Requirements, Wellington Preparation Plant, NEICO, C/007/012
Outgoing File

Dear Mr. Collins:

This letter is in response to the letter I was faxed on January 25, 2001 from the Price Insurance Agency about the concerns I outlined in my January 26, 2001 letter to you. I appreciate your concern; however, in accordance with Utah Code Annotated, 40-10-10 (6) and Utah Administrative Code, R645-301-890, NEICO, as the Permittee for the Wellington Preparation Plant, C/007/012, must be the company that provides evidence of first dollar coverage as the Insured for a commercial general liability policy for public liability insurance. Under Utah's statute and regulations for coal mining, there is not a requirement for the lessee (unless the lessee is the permittee) of the property to provide the State with evidence of insurance.

The minimum limits of liability required for each mining permit area are \$300,000 for each occurrence of bodily injury and property damage, and \$500,000 aggregate. With limits this low, hopefully premiums for an individual commercial general liability policy for the Wellington Preparation Plant site would be reasonable for the Permittee, NEICO.

The purpose for the insurance is to protect the general public who may suffer damages as a result of the mining and reclamation operations. To comply with the Statute and the Utah regulations cited above, NEICO must provide the Division with a Certificate of Insurance that shows NEICO as the Insured approved Permit No. C/007/012 by February 16, 2001, which is a two-week extension from the original requested date in the January 16, 2001 letter.